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C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 001099

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DEPARTMENT FOR NEA/ARP, NEA/PI FOR SFRANCESKI AND RKAPLAN,
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SUBJECT: GAS COMPANY FIRES UNION PRESIDENT, BUT DENIES
CONNECTION TO UNION ACTIVITIES

Classified By: Ambassador Gary A. Grappo for Reasons 1.4 (b,d).

1 (C) Summary: Oman Liquefied Natural Gas (OLNG) -- a leading company in Oman's oil and gas sector -- recently fired the president of the officially-registered union at the company, allegedly for performance reasons. The union's president claims that he was dismissed because of his union activities.

He has retained a lawyer and, contacts say, the company is prepared to defend its actions in court. In response to this development, several oil and gas companies are considering approaching the government to amend the country's labor law and increase the minimum number of employees required to form a union. End Summary.

12. (SBU) On November 19, OLNG suspended the president of the company's union, Omani citizen Mohammed al-Sulti, citing his alleged history of poor performance at the OLNG facility in the coastal city of Sur. 50-60 workers and union members reportedly assembled in an auditorium on the company's compound after security escorted al-Sulti off site, demanding an explanation from management for al-Sulti's dismissal. According to an open letter to all OLNG staff signed by OLNG's acting Human Resource (HR) Manager, which was posted anonymously on the popular chat room site Omania2.net, the company explained that it had suspended al-Sulti for "recent and repeated refusal to report for work and repeated refusal to respond to requests by supervisors, line management and HR to discuss these issues." Management further stated in its letter to staff that the suspension was not related to al-Sulti's status as union president, but was "a direct consequence of the individual's behavior." On November 24, at the conclusion of a five-day suspension, the company fired al-Sulti.

13. (C) Al-Sulti contacted poloff immediately following his suspension and dismissal stating that - contrary to the company's claims - OLNG did fire him because of his union activities. While admitting that he had received two warnings regarding his performance over the past two years, he claimed that the company never alerted him to the fact that his performance could be cause for disciplinary action or dismissal. He further alleged that the company refused to recognize or meet with the union's executive committee despite the fact that the government officially endorsed the OLNG union with al-Sulti as its president in the July 25 edition of the Official Gazette. He asserted that he made repeated requests via email since July to meet with management, which regularly refused to see him or other union members "in any other capacity than as individual employees."

He maintained that his dismissal was directly tied to an email he sent to the HR manager, copying all staff, in which

he called on the company to "stop resisting and ignoring (the union's) request (for a meeting)", and that the union was prepared to use "all legal rights... to let (its) voice be heard."

¶4. (C) Al-Sulti told poloff that he has retained a lawyer and filed an appeal with the Ministry of Manpower's (MOM) Directorate of Labor Care to annul the company's action, according to procedures outlined in the 2003 Labor Law. He further stated that he is considering taking OLNG to court on grounds that the company dismissed him as part of a campaign to undermine him and the union, which he claims has the support of nearly half of the company's total workforce of 400-500 employees. Al-Sulti is keeping in close communication with his colleagues in the OLNG union's executive committee; he claimed that the union is considering action to have him reinstated, including mass resignations or possibly a strike.

¶5. (C) Contacts suggest, however, that concern over al-Sulti's dismissal likely will blow over without resulting in a major labor disruption. Abduladheem Abaas, the president of the General Federation of Oman's Laborers (the national-level workers' representative body) told poloff that members of the Federation have been in contact with al-Sulti to counsel restraint and are seeking avenues for dialogue with OLNG management. Saleh Alamri, Director General of the MOM's Directorate of Labor Care, stated that the MOM has offered to mediate discussions between the OLNG union and management, and has cautioned the union's executive committee that any action it is considering in support of al-Sulti must be in accordance with the law. Abaas and Alamri echoed what seems to be a growing consensus among labor and government officials -- that al-Sulti was a "difficult employee" and that there is little interest in making him the center of a

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case to test OLNG's compliance with Oman's laws protecting union activity.

¶6. (C) OLNG believes that it has a solid case to support its dismissal of al-Sulti, contacts in the oil and gas industry told poloff, and the company does not plan to negotiate with the union over al-Sulti's reinstatement. According to Shahswar al-Balushi, CEO of the Oman Society for Petroleum Services (OPAL), the chairman of OLNG informed him that the company is prepared to go to court to defend its actions. Balushi further stated that many oil and gas companies view the situation at OLNG as an example of their worst fears about unions -- that problem employees could use the law protecting union activity to enhance their personal job security and cause problems in the workplace. Balushi said that many executives feel that amendments to Oman's Labor Law set the mandatory minimum for union organization too low, requiring only 25 employees, which makes it far too easy for problem workers to start a union. Several companies are considering submitting a formal request to the government, Balushi told poloff, to amend the law so that the mandatory minimum number for union organization is 25 employees or 50% of the workforce, whichever is larger.

¶7. (C) Comment: It is at least highly coincidental that OLNG fired al-Sulti so soon after he assumed a leadership position in the company's union. Without a court case, however, it will be difficult to truly assess the validity of either management's or al-Sulti's claims about the reason for his dismissal. There is a risk that OLNG's action could have a chilling effect on nascent union development throughout Oman, possibly sending the message that management is willing to play hardball with unions. Post will continue to follow developments in this case.

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